



STATE OF WEST VIRGINIA
OFFICE OF THE ATTORNEY GENERAL
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CONSUMER PROTECTION DIVISION
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Press Release

FOR IMMEDIATE RELEASE

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Attorney General McGraw Sues Capital One Bank (USA) and Four Other Companies for Deceptive Practices

Attorney General Darrell McGraw has sued Capital One Bank (USA), N.A. and four other companies in the Circuit Court of Mason County for unfair and deceptive acts and practices, unlawful debt collection practices, and unconscionable conduct in connection with their credit card lending and collection practices. Capital One Bank (USA) is a national bank headquartered in Glen Allen, Virginia. It has about 500,000 credit card accounts with West Virginia consumers. Capital One Services, LLC, Capital One Services II, LLC, Capital One Services III, LLC, and COSI Receivables Management, LLC are Delaware corporations that service and collect on the credit cards issued by Capital One Bank. The complaint filed in Mason County is based on numerous violations of West Virginia's consumer protection laws. The complaint alleges that Capital One solicited consumers to enter into debt repayment plans by sending them solicitations that were disguised as offers of new credit. The offer was sent to consumers who had charged-off accounts with Capital One or other creditors. Under the terms of the offer, Capital One agreed to provide the consumer \$1.00 of new credit in exchange for the consumer's agreeing to transfer the entire account balance of a charged-off account to the new credit card account. The consumer was required to make payments on the old debt in order to receive any further increases in the credit limit on their new credit card. By transferring the old debt onto a new credit card, Capital One was able to charge interest, late fees, and over-the-limit fees on debt that otherwise would not have been subject to those fees. It also allowed Capital One to re-age the debts so that the applicable statute of limitations period started new. The complaint also alleges that Capital One: issued multiple low-limit credit cards, each charging exorbitant fees, rather than raising credit limits on consumers' existing accounts; unconscionably imposed over-the-limit fees on consumers' accounts; sold services to consumers who could not benefit from the services; and, billed and attempted to collect for credit card accounts that were never activated. Attorney General McGraw stated, "Capital One's practice of offering nominal extension of credit, if and only if, the consumer agreed to pay off a debt too old to be sued on is tantamount to loan sharking." Until recently, the Attorney General was under a federal court injunction that prohibited him from suing the bank for its credit card practices; however, on January 4, 2010 United States District Court Judge Robert Goodwin granted the Attorney General's motion to modify the injunction. Under the new order, the Attorney General is not prohibited from suing the bank to enforce non-preempted substantive state laws. For more information or to file a complaint, please contact the Attorney General's Consumer Protection Division. Call 1-800-368-8808, write to P.O. Box 1789, Charleston, WV 25326-1789, or visit his website at www.wvago.gov. You can download the full version of the filed complaint, by clicking [here](#).

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